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SUBJECT: AOUN HIGHLIGHTS FPM REFORM AGENDA FOR NEW
GOVERNMENT

Classified By: Ambassador Michele J. Sison for reasons
1.4 (b) and (d).

11. (C) Summary: Free Patriotic Movement (FPM) leader Michel Aoun welcomed the Ambassador for a wide-ranging discussion on January 14 that focused on his party's reform platform. Eager to portray the FPM as a positive force, Aoun highlighted its program for energy sector reform and budget transparency. While he took a wait-and-see attitude toward the new cabinet and the reigning atmosphere of political reconciliation, Aoun remarked on his efforts to develop a relationship with Prime Minister Saad Hariri. The Lebanese Armed Forces (LAF) and the Palestinian question need attention, Aoun said, but he was suspicious of significantly changing the status quo on either issue. End Summary.

FOCUS ON SERVICE REFORMS AND ANTI-CORRUPTION EFFORTS

12. (C) Regardless of significant points of disagreement inside the national unity government, it must urgently tackle some basic challenges facing Lebanon, Aoun told the Ambassador. Aoun lamented that although Lebanon has one of the most educated populations in the region, the quality of instruction is declining. The electricity crisis also requires urgent action, he said, and his son-in-law Gebran Bassil, the new minister of energy and water, will focus on improving service through investment in production capacity and decreasing transmission losses. The crisis, Aoun asserted, resulted from a lack of investment in production capacity and the distribution network. In addition, he claimed, several big companies and high-end developments pay little or nothing for their large electrical consumption, and Bassil will target those violators.

13. (C) Aoun denounced the lack of budget transparency and the various government councils that exist outside the ministries. The councils, originally created to coordinate and plan government efforts implemented by ministries, have begun executing projects on their own, he said, particularly the Council for Development and Reconstruction (CDR), which was "controlled" by MP Fouad Siniora when he was prime minister. Ibrahim Kanaan, new FPM chairman of the parliamentary budget committee, will engage the minister of finance and, for the first time, the leadership of the councils to produce Lebanon's first budget since 2004, Aoun reported. "When the system is simple, everything is clear, but ours is complicated because people want it obscure," declared Aoun.

¶4. (C) The first steps of the new government have gone well, Aoun noted, but he predicted that future progress will be the true test of the cabinet's productivity. Using the same phrase to describe both the progress of the cabinet and recent public gestures at reconciliation among various political leaders, Aoun said, "We are only at letter 'A' of the alphabet." The cabinet has accomplished little substantive business since the December 10 vote of confidence, Aoun complained (there had only been two cabinet meetings to date). He also criticized the extensive travels of President Michel Sleiman and PM Hariri as complicating cabinet scheduling. While Aoun gave the new government a grace period in which to produce tangible results, he expressed a desire for higher productivity sooner rather than later. Citizens expect progress, such as the approval of the FPM's proposed new municipal elections law, he explained.

¶5. (C) The cabinet will not deal with the issue of his ally Hizballah's arms because it is a matter for the National Dialogue, Aoun insisted. He complained that "some people" pressing for the National Dialogue to address the disarmament of Hizballah refused to expand the discussion to include issues like "politicians protecting criminals, or a secular state." If the National Dialogue is to be limited to a discussion of Hizballah's arms, he predicted, the process will "take years."

ARMY SHOULD FOCUS ON PALESTINIANS,
NOT HIZBALLAH

¶6. (C) Current efforts to reform the Lebanese Armed Forces (LAF) are unimpressive, the former senior LAF officer said, and he assessed the organization would never be capable of offensive operations. The LAF, he maintained, is still "far from even being able to defend Lebanon from Israel, which is why we still need the Resistance." Despite his pessimism, Aoun pointed to several concrete steps the LAF should urgently undertake, such as creating a dedicated anti-terrorism unit and another one focused on "armed dissidents on Lebanese territory," which he described as Palestinians, not Hizballah. Despite his opposition to permanent settlement of Palestinians in Lebanon, Aoun called for vocational education for Palestinians so that they could find legal employment by supplanting Syrians as Lebanon's day laborers. Aoun expressed his general opposition, however, to full "civil rights" for Palestinians.

NEW RELATIONSHIP WITH HARIRI POSITIVE

¶7. (C) Aoun characterized his relationship with Hariri, Druze leader Walid Jumblatt, and the Shia parties as positive. He has developed a good personal relationship with Hariri, Aoun reported, and said he speaks with the PM privately on a regular basis. He shocked Hariri recently, Aoun recalled, when he recommended that the PM avoid developing business interests inside Lebanon to avoid conflicts of interest. Aoun relayed that his FPM team generally has a positive relationship with Hariri's team, and he implied that the relationship could expand if Hariri's circle avoids the corrupt practices of the past.

¶8. (C) Comment: Aoun's alliance with Hizballah, formalized in a 2006 MOU, continues to place him at odds with the USG. Aoun was cordial during the meeting and focused on areas of mutual congruence, such as general support for the government's economic reform agenda. Two of Aoun's FPM cabinet members, Telecoms Minister Nahass and Energy & Water Minister Bassil, will play key roles in enacting these reforms. End comment.

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